

Message Text

CONFIDENTIAL

PAGE 01 JIDDA 04331 160906Z

21

ACTION SS-25

INFO OCT-01 ISO-00 /026 W

----- 052833

R 160645Z JUN 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 1583

INFO AMCONSUL DHAHRAN

DOD WASHDC

USMTM DHAHRAN

C O N F I D E N T I A L JIDDA 4331

EXDIS

E.O.: 11652: GDS

TAGS: SA, US, PFOR, MASS, MARR

SUBJ: NORTHROP'S AGENTS' FEES

REF : A. STATE 138345; B. JIDDA 4297

1. DURING AMBASSADOR'S MEETING WITH PRINCE SULTAN SUNDAY, JUNE 15, SULTAN REMARKED THAT HE HAD ISSUED A STRONG STATEMENT ON THE GENERAL QUESTION OF AGENT'S FEES, AND THOUGHT THAT THIS SHOULD HELP TO CLEAR THE AIR BOTH INSIDE AND OUTSIDE THE KINGDOM. (SEPTTEL) HE REITERATED HIS REQUEST THAT THE USG PROVIDE HIM ASAP WITH ANY INFORMATION THAT IT HAD OR WOULD HAVE ABOUT THE PAYMENT OF ANY IMPROPER PAYMENTS (HE MEANT BRIBES) WITH REGARD TO FOREIGN MILITARY SALES CASES.

2. SULTAN ALSO PRESENTED THE AMBASSADOR WITH THE TEXT OF THE FOLLOWING LETTERS TO (A) SECRETARY OF DEFENSE SCHLESINGER; AND (B) COPY OF A LETTER TO NORTHROP BOARD CHAIRMAN TOM JONES. EMBASSY TRANSLATIONS FOLLOW; THE ORIGINAL OF THE LETTER TO SECDEF IS BEING POUCHED TO NEA/ARP ATTN: MR. CECIL.

3. (A) "H.E. SECRETARY OF DEFENSE
JAMES SCHLESINGER

DEAR SIR:

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JIDDA 04331 160906Z

"AFTER I RECEIVED FROM MR. ROBERT ELLSWOTH, THE ASSISTANT

SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY AFFAIRS A LETTER DATED MARCH 6, 1975, IN WHICH HE INFORMED ME OF THE EXISTENCE OF \$45 MILLION AS A FEE TO BE PAID BY THE NORTHROP COMPANY TO ITS AGENT, THE TRIAD FINANCIAL CORPORATION, AND MENTIONED THAT THE AMERICAN DEPARTMENT OF DEFENSE IS NOT IN A POSITION TO EVALUATE THIS OBLIGATION, I REPLIED TO HIM, IN MY LETTER DATED 6/5/1395 (CORRESPONDING TO MAY 17, 1975) THAT I REJECT THIS PRINCIPLE AND DO NOT ACCEPT ANY INTERMEDIARY OF WHATEVER SORT OR ORIGIN.

"I (SUBSEQUENTLY) RECEIVED ANOTHER LETTER FROM LT. GENERAL H.M. FISH, THE DIRECTOR OF DEFENSE OF THE SECURITY AGENCY (SIC) DATED MAY 23, 1975, IN WHICH HE STATES THAT THE LETTERS OF OFFER SIGNED ON JANUARY 5, 1975 FOR 60 F-5 AIRCRAFT INCLUDED THE SUM OF \$23 MILLION TO COVER COSTS WHICH THE NORTHROP COMPANY SHOULD PAY TO ITS AGENT THE TRIAD FINANCIAL CORPORATION. I REPLIED TO THIS LETTER BY MY LETTER DATED 1/6/1395 (CORRESPONDING TO JUNE 10, 1975) AFFIRMING MY REJECTION OF THESE PYAMENTS AND MY PROHIBITION OF THEM.

"AND IN CONNECTION WITH THE INVESTIGATION WHICH A COMMITTEE FROM THE AMERICAN SENATE IS UNDERTAKING, AND WHICH IS LOOKING INTO THE ACTIVITIES OF MULTINATIONAL COMPANIES, THE NEWS AGENCIES CARRIED REPORTS, ATTRIBUTED TO OFFICIALS IN NOTHROP, CLAIMING THAT THE COMPANY PAID, IN ADDITION TO AGENT'S FEES, THE SUM OF \$450,000 TO ITS AGENT FOR HIM TO PASS TO TWO OFFICERS IN THE SAUDI ARMED FORCES.

"IN LIGHT OF THE FOREGOING, I WANT TO INFORM YOU OF THE FOLLOWING:

1) THE SAUDI GOVERNMENT HAS ALWAYS BEEN MOST ZEALOUS THAT ARMS PURCHASES BE CONCLUDED DIRECTLY AND WITHOUT AN INTERMEDIARY; LIKEWISE IT ALWAYS PREFERRED THAT ITS PURCHASE OF AMERICAN ARMS BE BY MEANS OF THE GOVERNMENT OF THE UNITED STATES DIRECTLY, AND NOT VIA CORPORATIONS.

2) THE SAUDI GOVERNMENT DID NOT KNOW BEFORE RECEIVING MR. ELLSWORTH'S LETTER MENTIONED ABOVE THAT THE PEACE HAWK PROGRAM CONTAINED PAYMENT OF AGENTS' FEES BY THE NORTHROP
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 JIDDA 04331 160906Z

COMPANY FOR ITS AGENT. WHEN IT LEARNED THIS IT INFORMED THE AMERICAN DEPARTMENT OF DEFENSE IMMEDIATELY OF ITS REJECTION OF THE PRINCIPLE.

3) THE SAUDI GOVERNMENT IS MOST ZEALOUS TO BRING OUT THE TRUTH AND TO DISPEL SUSPICIONS ABOUT THIS SUBJECT EITHER IN RELATION TO FEES OR OTHER SUMS WHICH IT HAS BEEN SAID WERE PAID.

"THEREFORE, I ASK YOU TO PROVIDE THE SAUDI GVERNMENT WITH ALL THE DOCUMENTS ANDPAPERS YOU MAY HAVE SO THAT THE GOVERNMENT CAN CONDUCT A COMPLETE INVESTIGATION AND TAKE THE MEASURES IT SEES NECESSARY TO PROTECT ITS GOOD REPUTATION AND THAT OF ITS ARMED FORCES.

"IN HOPING THAT I WILL OBTAIN YOUR COOPEATION IN BRINGING OUT THE FACTS, I WANT TO AFFIRM TO YOU THE POSITIVE DESIRE OF MY GOVERNMENT THAT THE PROGRAMS OF SAUDI-AMERICAN COOPERATION SHOULD CONTINUE IN THE MILITARY FIELD AS PALNNED AND WITHOUT ANY STAINS AND IMPUTATIONSOF WRONG DOING.

"PLEASE ACCEPT MY SINCERE REGARDS. SULTAN BIN ABD AL-AZIZ, MINISTER OF DEFENSE AND AVIATION AND INSPECTR GENERAL."

4. (B) "MR. THOMAS JONES
CHAIRMAN OF THE BOARD
NORTHROP CORPORATION

DEAR SIR:

"NEWS AGENCIES THIS WEEK HAVE BEEN CARRYING A REPORT WHICH APPARENTLY MR. RICHARD MILLER, ONE OF YOUR TOP OFFICIALS, DELIVERED TO THE AMERICAN CONGRESS. IN THIS REPORT MR. MILLER ALLEGEDTHAT THE NORTHROP CORPORATION UNDERTOOK IN LATE 1971 TO PAY THE SUM OF \$450,000 TO ITS AGENT SO THAT HE, IN TURN, WOULD PAY IT TO TWO OFFICERS OF THE SAUDI ARMED FORCES.

" THE SAUDI GOVERNMENT DOES NOT BLIEVE IN THE PRINCIPLE OF THE USE OF AGENTS IN CONTRACTING, AND IT STRONGLY DISAPPROVES OF PAYMENTS OF ANY ILLEGAL SUM IN ANY OPERATION CONNECTED WITH IT; IT EXPRESSES ITS GREAT ASTONISHMENT AND VIOLENT DISAP- PROBATION AT SUCH IRRESPONSIBLE CONDUCT BY THE COMPANY.
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 JIDDA 04331 160906Z

"IN ACCORDANCE WITH THIS LETTER, THE SAUDI GOVERNMENT ASKS THE COMPANY IMMEDIATELY TO FORWARD ALL DOCUMENTS IT POSSESSES THAT RELATE TO PAYMENT OF ANY FEES OR OTHER SUMS SO THE THE SAUDI GOVERNMENT COULD UNDERTAKE A SWIFT AND COMPLETE INVESTIGATIO OF THE MATTER.

"THE SAUDI GOVERNMENT WANTS TO INFORM YOU THAT IT NOW IS REVIEWING ITS RELATIONS WITH YOU AND WILL REACH A FINAL DECISION IN THE LIGHT OF THE RESULTS OF THE INVESTIGATION WHICH IT SHALL UNDERTAKE. SINCERELY, SULTAN BIN ABD AL-AZIZ, MINISTER OF DEFENSE AND AVIATION AND INSPECTOR GENERAL.Z
AKINS

NOTE BY OC/T: EXDIS CAPTION ADDED PER SS/O-JOHNSON.

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY PROCUREMENT, ROYALTIES, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUN 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchant0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975JIDDA04331
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750208-0970
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750648/aaaabqzw.tel
Line Count: 168
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 75 STATE 138345, 75 JIDDA 4297
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 19 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 AUG 2003 by WorrelSW>; APPROVED <04 DEC 2003 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NORTHROP'S AGENTS' FEES
TAGS: PFOR, MASS, MARR, SA, US, NORTHROP, (SULTAN, PRINCE)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006